



OFFICE OF THE ATTORNEY GENERAL · STATE OF TEXAS
JOHN CORNYN

June 11, 1999

Allen Daniels
Law Office
1177 West Loop South, Suite 1725
Houston, TX 77027

Via Fax #: 713/626-0276 and
First Class Mail

Re: Hercules Marine Services Corporation, Case No. 98-34630

Dear Allen:

This letter is to follow up on our telephone conversation last Friday. In that telephone conversation I passed on information that may be of help in finding Texas Natural Resource Conservation Commission ("TNRCC") records related to the Hercules Marine facility that your client intends to purchase.

So that you will have a written copy, this information is as follows:

AIR

- 1) Air Account No.
(a location reference) – BL0118V
- 2) Air Standard Exemption No. – 13561
- 3) Air Permit No.
(apparently Hercules Marine withdrew
their permit application) – 32768

Solid Waste

- 4) TNRCC Solid Waste Registration No. – 30141
- 5) State Transporter No. – 40421
- 6) EPA ID. No. – TXD 980626121

Petroleum Storage Tank

- 7) PST Facility ID No. – 54362
- 8) PST Owner ID No. – 44804

The TNRCC has provided this information to assist your client and the Trustee. As I am sure you will understand, we cannot guarantee that the references provided above will lead you to all relevant records. Although we have tried to be thorough, we cannot (and do not) guarantee that we have provided you with everything. It is your client's responsibility to independently conduct any due diligence investigation or record review inquiry.

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Also, as you are aware, there will likely be remedial activities required at this site. The TNRCC will gladly meet with you and your client to discuss the scope of any required remedial activities as well as the regulatory mechanism for accomplishing them.

On a related matter, your client will also need to take certain other actions related to its possession of the facility, and presumably subsequent operation. As we discussed in our telephone conversation, registration revisions and transfers typically are routine (again, we cannot guarantee there will be no problems; rather, we simply anticipate the process to be smooth).

In this case, the facility appears to have been operating largely under an air program "standard exemption." It may not even be necessary to transfer this standard exemption—simply notifying the TNRCC and meeting the requirements for the exemption might suffice. In any event, this type of authorization, when appropriate, is not difficult to obtain.

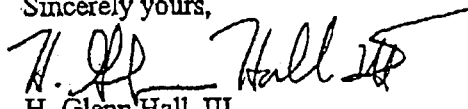
We do not know what type of activities your client (or a subsequent lessee) intends to conduct at the site. Some activities do require permitting. For example, if a "new source" is to be operated, a "NSR" (New Source Review) permit might be required (some activities can occur under a standard exemption). If your client's (or a lessee's) operations are a "major source," a Title V "operating permit" might have to be obtained. The TNRCC will be glad to assist you in determining whether any proposed activities at the site might require permitting. Information on permits can be obtained by calling (512) 239-1250 (for NSR permits) and (512) 239-1334 (for Title V operating permits).

Whether a permit is required simply depends on what type of operations are proposed for the site. If a permit is, in fact, required for new operations, the permitting process is more complex and lengthy than operating under a standard exemption. The difficulty of the permit process (when required), of course, varies: some permits are complex, some are straightforward.

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Thank you for your cooperation. If you have any questions, or if I may be of further assistance, please call me at (512) 475-4861.

Sincerely yours,



H. Glenn Hall, III

Assistant Attorney General

Bankruptcy & Collections Division

HGH:fg

cc: Wayne Kitchens - by Fax #713/ 759-6834 and by First class Mail
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